

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Financial Statements - December 31, 2006

(With Auditors' Report Thereon)

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

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Independent Auditors' Report

Commissioners
Ben Lomond Cemetery Maintenance District
526 East 2850 North
North Ogden, UT 84414

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ben Lomond Cemetery Maintenance District, as of and for the year ended December 31, 2006 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ben Lomond Cemetery Maintenance District as of December 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2007 on our consideration of Ben Lomond Cemetery Maintenance District's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Crane, Christensen & Ambrose PC

June 22, 2007

BEN LOMOND CEMETERY MAINTENANCE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Year Ended December 31, 2006

INTRODUCTION

The following is a discussion and analysis of Ben Lomond Cemetery Maintenance District's financial performance and activities for the year ended December 31, 2006. Please read it in conjunction with the financial statements that follow. In 2004, the District implemented new reporting standards established by the Governmental Accounting Standards Board. These new standards significantly changed the content and structure of the financial statements.

HIGHLIGHTS

Government-wide

- The District's total net assets increased \$60,110 or 14.6 percent over the prior year.

Fund Level

- Fund balances in the District's governmental funds increased \$63,595 or 24.7 percent from the prior year.
- Total revenues were 18.3 percent higher than the prior year mainly due to a 54.4 percent increase in sale of burial lots and a 96.6 percent increase in interest earned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the District's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information concerning budgetary comparisons.

Government-wide Statements - Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the District's finances as a whole and are prepared using the full-accrual basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the District's net assets - the difference between total assets and total liabilities - and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the District's overall financial condition is getting better or worse. In evaluating the government's overall condition, however additional non-financial factors should be considered such as the District's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The government-wide statements distinguish the programs of the District that are principally supported by taxes, sale of burial lots, and burial services. Ben Lomond Cemetery Maintenance District's governmental activities include cemetery maintenance operations.

Fund Financial Statements - Reporting the Cemetery Maintenance District's Most Significant Funds

The fund financial statements provide detailed information about individual major funds, and not the District as a whole. A fund is a group of related accounts that the District uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity.

**BEN LOMOND CEMETERY MAINTENANCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2006

The District's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the District's financial position helps determine whether the District has sufficient resources to cover expenditures for its basic services in the near future.

Reconciliation Between Government-wide and Fund Statements

The financial statements include schedules that reconcile the amounts reported for governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.

Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

Ben Lomond Cemetery Maintenance District adopts an annual budget for all of its governmental funds. A budgetary comparison schedule for the District's General Fund is included.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

A significant component of the District's net assets, 31.8 percent, reflects investments in capital assets (land, buildings, and equipment) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources need to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 16.5 percent of total net assets and are subject to external restrictions on how they may be used.

The remaining 51.6 percent of net assets is unrestricted and may be used at the District's discretion to meet its ongoing obligations to citizens and creditors.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended December 31, 2006

Ben Lomond Cemetery Maintenance District
Net Assets
December 31, 2006

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Current and Other Assets	\$ 323,705	258,987
Capital Assets (net of depreciation)	<u>149,726</u>	<u>153,212</u>
Total Assets	<u>473,431</u>	<u>412,199</u>
Current and Other Liabilities	<u>2,770</u>	<u>1,648</u>
Total Liabilities	<u>2,770</u>	<u>1,648</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	149,726	153,212
Restricted Net Assets	77,894	76,594
Unrestricted	<u>243,041</u>	<u>180,745</u>
Total Net Assets	<u>\$ 470,661</u>	<u>410,551</u>
Percentage change from prior year	14.6%	5.6%

Ben Lomond Cemetery Maintenance District
Changes in Net Assets
For the Year Ended December 31, 2006

	<u>Governmental Activities</u>		<u>Total Percentage Change 2005-2006</u>
	<u>2006</u>	<u>2005</u>	
Revenues:			
General Revenues			
Property Taxes	\$ 80,776	79,989	.9%
Fee in Lieu	13,033	13,138	(.8%)
Sale of lots, Deeds and Perpetual Care	68,350	44,925	52.1%
Unrestricted Investment Earnings	10,135	5,151	96.8%
Loss on Asset Retirements	-	(1,041)	(100.0%)
Total General Revenues	<u>172,294</u>	<u>142,162</u>	<u>21.2%</u>
Program Revenues			
Charges for Services	<u>27,222</u>	<u>25,442</u>	<u>7.0%</u>
Total Program Revenues	<u>27,222</u>	<u>25,442</u>	<u>7.0%</u>
Total Revenues	<u>199,516</u>	<u>167,604</u>	<u>19.0%</u>
Expenses:			
Cemetery Maintenance and Operation Expenses	<u>139,406</u>	<u>145,848</u>	<u>(4.4%)</u>
Total Expenses	<u>139,406</u>	<u>145,848</u>	<u>(4.4%)</u>
Change in Net Assets	60,110	21,756	176.3%
Beginning Net Assets	<u>410,551</u>	<u>388,795</u>	<u>5.6%</u>
Ending Net Assets	<u>\$ 470,661</u>	<u>410,551</u>	<u>14.6%</u>

**BEN LOMOND CEMETERY MAINTENANCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2006

The table below shows to what extent the District's governmental activities relied on taxes and other general revenue to cover all of their costs. For 2006, these programs generated \$27,222 or 19.5 percent of their expenses through charge for services and grants. Taxes and other general revenues covered the remaining 80.5 percent of expenses.

**Ben Lomond Cemetery Maintenance District
Net Cost of Government Activities
For the Year Ended December 31, 2006**

	Total Program Expenses 2006	Total Program Revenues 2006	Net Program Costs	Program Revenues as a Percentage of Total Expenses	
			2006	2005	2006 2005
Activities:					
Cemetery Maintenance and Operations	\$ <u>139,406</u>	<u>27,222</u>	<u>112,184</u>	<u>120,406</u>	<u>19.5%</u> <u>17.4%</u>
Total Government Activities	\$ <u>139,406</u>	<u>27,222</u>	<u>112,184</u>	<u>120,406</u>	<u>19.5%</u> <u>17.4%</u>

CAPITAL ASSETS

Capital Assets

The District added \$16,638 in new capital assets during 2006 for equipment purchases. The District also disposed of \$1,596 in equipment.

More information about capital assets is included in Note 4.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balances

At December 31, 2006 Ben Lomond Cemetery Maintenance District's governmental funds reported fund balances of \$320,935. Of this amount, \$85,000 or 26.5 percent is reserved for capital projects, \$77,894 or 24.3 percent is restricted and is therefore unavailable for future spending. The remaining \$158,041 or 49.2 percent is available for new spending. The following chart presents the District's 2006 ending fund balances.

**BEN LOMOND CEMETERY MAINTENANCE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2006

**Ben Lomond Cemetery Maintenance District
Governmental Fund Balances
December 31, 2006**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Perpetual Fund Perpetual Care</u>	<u>Total</u>
Reserved	\$ -	-	77,894	77,894
Unreserved/Undesignated	<u>158,041</u>	<u>85,000</u>	<u>-</u>	<u>243,041</u>
Total	<u>\$ 158,041</u>	<u>85,000</u>	<u>77,894</u>	<u>320,935</u>
Percent change from prior year	65.1%	0.0%	1.7%	24.7%

General Fund

During 2006, the fund balance in the General Fund increased \$62,295 or 65.1 percent due primarily to increased sales of burial lots and interest earned. Total revenues increased \$31,071 or 18.6 percent due primarily to the sale of burial lots and interest earned.

Total General Fund expenditures decreased \$11,729 or 7.9 percent due primarily to transfers to the Capital Acquisition Fund.

General Fund Budgetary Highlights

The District prepares its budget according to state statutes. The most significant budgeted fund is the General Fund. The District amended the General Fund budget one time during the year to meet the needs of the programs as issues arose. The most significant change to the original adopted budget was a \$10,299 increase in revenue and an increase in expenditures of \$299.

Actual General Fund revenues were \$38,899 or 24.4 percent above the original budget and \$28,600 or 16.9 percent above the final budget. Actual expenditures were \$5,716 or 4.0 percent above and \$13,007 or 8.1 percent below the original and final budgets, respectively. The District was not required to draw upon existing fund balance in the General Fund this year to cover its expenditures.

Capital Projects Fund

Fund balance in the Capital Projects Fund had no change during the year and is used to cover future equipment needs and land acquisition costs.

Perpetual Care Fund

Fund balances of the Perpetual Care Fund increased \$1,300 or 1.7 percent due to fees collected.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the District's finances should be addressed to the Ben Lomond Cemetery Maintenance District, 526 East 2850 North, North Ogden, Utah, 84414.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Statement of Net Assets

December 31, 2006

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash	\$ 106,004
Deposit with State Treasurer	216,559
Taxes receivable	<u>1,142</u>
Total current assets	<u>323,705</u>
Capital assets:	
Land	70,604
Buildings	45,336
Landscaping and improvements	177,903
Machinery and equipment	151,635
Less accumulated depreciation	<u>(295,752)</u>
Total capital assets	<u>149,726</u>
Total assets	<u>473,431</u>
Liabilities:	
Accounts and payroll tax payable	<u>2,770</u>
Total liabilities	<u>2,770</u>
Net assets:	
Invested in capital assets	149,726
Restricted for:	
Perpetual care	77,894
Unrestricted	<u>243,041</u>
Total net assets	<u>\$ 470,661</u>

See independent auditors' report and notes to financial statements.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Statement of Activities

Year Ended December 31, 2006

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
Governmental activities:					
Cemetery maintenance and operations	\$ 139,406	27,222	-	-	(112,184)
Total governmental activities	\$ 139,406	27,222	-	-	(112,184)
General revenues:					
					80,776
Property taxes					13,033
Fee in lieu of property taxes					93,809
Total taxes					10,135
Interest earned					67,050
Sale of burial plots					1,300
Perpetual care fees of non-district burials					172,294
Total general revenues and perpetual care fees					60,110
Change in net assets					410,551
Net assets - beginning of year					\$ 470,661
Net assets - end of year					

See independent auditors' report and notes to financial statements.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Balance Sheet Governmental Funds

December 31, 2006

<u>Assets</u>	<u>General Fund</u>	<u>Capital Acquisition Fund</u>	<u>Permanent Fund Perpetual Care</u>	<u>Total Governmental Funds</u>
Cash	\$ 106,004	-	-	106,004
Deposit with State Treasurer's Investment Pool	53,665	85,000	77,894	216,559
Taxes receivable	<u>1,142</u>	<u>-</u>	<u>-</u>	<u>1,142</u>
	<u>\$ 160,811</u>	<u>85,000</u>	<u>77,894</u>	<u>323,705</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts and payroll taxes payable	\$ <u>2,770</u>	<u>-</u>	<u>-</u>	<u>2,770</u>
Total liabilities	<u>2,770</u>	<u>-</u>	<u>-</u>	<u>2,770</u>
Fund equity:				
Fund balances:				
Restricted - perpetual care fund	-	-	77,894	77,894
Unappropriated	<u>158,041</u>	<u>85,000</u>	<u>-</u>	<u>243,041</u>
Total fund equity	<u>158,041</u>	<u>85,000</u>	<u>77,894</u>	<u>320,935</u>
	<u>\$ 160,811</u>	<u>85,000</u>	<u>77,894</u>	<u>323,705</u>

See independent auditors' report and notes to financial statements.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

December 31, 2006

Total fund balance - governmental funds \$ 320,935

Amount reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are
not reported as assets in governmental funds.

These assets consist of:

Land

\$ 70,604

Buildings

45,336

Machinery, equipment, and improvements

329,538

Accumulated depreciation

(295,752)

Total capital assets

149,726

Total net assets - governmental activities

\$ 470,661

See independent auditors' report and notes to financial statements.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Year Ended December 31, 2006

	General Fund	Capital Acquisition Fund	Permanent Fund Perpetual Care	Total Governmental Funds
Revenues:				
Property tax	\$ 78,140	-	-	78,140
Property tax redemptions	2,636	-	-	2,636
Fee in lieu of property tax	13,033	-	-	13,033
Burials and cremations	26,200	-	-	26,200
Sale of lots	67,050	-	-	67,050
Deeds	353	-	-	353
Interest earned	10,135	-	-	10,135
Other	669	-	-	669
Perpetual care fees	-	-	1,300	1,300
Total revenues	<u>198,216</u>	<u>-</u>	<u>1,300</u>	<u>199,516</u>
Expenditures:				
Salaries and wages	73,152	-	-	73,152
Payroll taxes	5,553	-	-	5,553
Worker Compensation insurance	3,333	-	-	3,333
Repairs and maintenance	4,325	-	-	4,325
Grounds maintenance	11,472	-	-	11,472
Professional fees	4,610	-	-	4,610
Taxes and licenses	945	-	-	945
Insurance and bond	2,742	-	-	2,742
Utilities	5,541	-	-	5,541
Dues and subscriptions	690	-	-	690
Telephone	1,211	-	-	1,211
Small tools and equipment	438	-	-	438
Safety and risk management	229	-	-	229
Office and postage	555	-	-	555
Travel and training	1,949	-	-	1,949
Other operating expense	2,538	-	-	2,538
Capital expenditures	16,638	-	-	16,638
Total expenditures	<u>135,921</u>	<u>-</u>	<u>-</u>	<u>135,921</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>62,295</u>	<u>-</u>	<u>1,300</u>	<u>63,595</u>
Other financing sources (uses):				
Transfer from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other (uses)	62,295	-	1,300	63,595
Fund balance - beginning of year	<u>95,746</u>	<u>85,000</u>	<u>76,594</u>	<u>257,340</u>
Fund balance - end of year	<u>\$ 158,041</u>	<u>85,000</u>	<u>77,894</u>	<u>320,935</u>

See independent auditors' report and notes to financial statements.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities

Year Ended December 31, 2006

Net change in fund balance - total governmental funds \$ 63,595

Amount reported for governmental activities in the
statement of activities are different because:

Government funds report capital outlays as expenditures
(\$16,638). However, in the statement of activities,
the cost of these assets is allocated over their estimated
useful lives and reported as depreciation expense (\$20,123).
Depreciation exceeded capital outlays for the year.

Capital outlays	\$ 16,638	
Depreciation	<u>(20,123)</u>	(3,485)

Adjustments and asset retirements of general government
capital assets are not reported in the fund statements but
are reflected in the entity-wide statement of activities.

Changes in net assets of governmental activities	\$ <u>60,110</u>
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See independent auditors' report and notes to financial statements.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Notes to Financial Statements

December 31, 2006

(1) Summary of Significant Accounting Policies

Ben Lomond Cemetery Maintenance District was incorporated as a special district in 1953. The District is governed by a three member board and provides cemetery operations and maintenance to the cemetery in North Ogden. The financial statements of Ben Lomond Cemetery Maintenance District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

The Ben Lomond Cemetery Maintenance District is a political subdivision of Weber County. It's boundaries include the cities of North Ogden, Pleasant View, and a portion of Harrisville. There are no component units of the maintenance district.

B. Government-Wide and Fund Financial Statements

The District's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the District as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The District has no business-type activities. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The District does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate entity. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

Governmental Fund Types:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Acquisition Fund accounts for financial resources used for the acquisition of major fixed assets or capital improvements.

Perpetual Care Fund is a non-expendable permanent fund. The interest earned on the investments of this fund is committed to the general fund where it is expended toward the annual perpetual care of cemetery lots.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(1) Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

D. Budgets

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act of Special Districts by the Ben Lomond Cemetery District Board of Commissioners on or before December 15th for the following calendar year which begins on January 1. Budgets may be increased by resolution of the Board of Commissioners at any time during the year following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The District follows Uniform Fiscal Procedures for Special Districts as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is at the fund level. During the year the District made one amendment to the budget including an increase of \$10,299 in the general fund revenue and an increase of \$299 in general fund expenditures.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$200 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30 years
Equipment and machinery	3-30 years
Infrastructure and other improvements	10-40 years

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(2) Deposits and Investments

Deposits and investments for the District are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the District's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of District funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The District's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The District's deposits at December 31, 2006 were \$106,004, of which \$6,004 was uninsured and uncollateralized.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The District is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the District's investments at December 31, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 216,559	69 days*	not rated

*Weighted-average maturity

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the District's investments are noted in the previous table.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(2) Deposits and Investments - Continued

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. The property taxes due and collectible within sixty days of the statement date have been accrued.

(4) Capital Assets

The following is a summary of changes in capital assets for the year:

	Balance 12/31/05	Additions	Deductions	Balance 12/31/06
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 70,604	-	-	70,604
Total	70,604	-	-	70,604
Capital assets being depreciated:				
Buildings	45,336	-	-	45,336
Landscaping and improvements	177,903	-	-	177,903
Machinery and equipment	136,593	16,638	1,596	151,635
Total	359,832	16,638	1,596	374,874
Less accumulated depreciation for:				
Buildings	(19,210)	(1,018)	-	(20,228)
Landscaping and improvements	(168,568)	(4,618)	-	(173,186)
Machinery and equipment	(89,446)	(14,488)	(1,596)	(102,338)
Total	(277,224)	(20,124)	(1,596)	(295,752)
Capital assets being depreciated, net	82,608	(3,486)	-	79,122
Governmental activity capital assets, net	\$ 153,212	(3,486)	-	149,726

(5) Restricted Funds

The following funds have been restricted by the Board for the specific purposes listed:

Perpetual Care Fund	\$ 77,894
Total restricted fund balance	\$ 77,894

A perpetual care fee is charged to non-residents of the District. Fees for perpetual care are restricted to the long-term maintenance of the cemetery. These fees are invested and only the earnings are used to help offset maintenance costs.

(6) Pension Plans

The District is not a member of the State Retirement System and does not have a retirement plan.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Notes to Financial Statements - Continued

December 31, 2006

(7) Tax Calendar

<u>Duties to be Completed</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
Lien date	59-10-3 59-5-4	01/01
County treasurer to settle taxes charged and collected for previous year	59-10-66	03/31
County assessor delivers roll to county auditor	59-5-30	05/15
Tax commission reports value of centrally assessed property to counties	59-6-20	05/25
County assessor delivers to county auditor statement showing aggregate valuation of all taxable property	59-5-6	06/01
County auditor sends valuation, certified tax rate and levy work sheets to each taxing district	59-5-6	06/01
Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit to county auditor	59-9-7	before 06/15
County to set proposed tax rates	59-9-6.3	06/15
Taxing districts adopt tentative budgets and notify county of intent to exceed certified tax rate	59-5-6	06/15
County auditor to submit levy work sheets and supporting documentation to tax commission		06/15
County treasurer to mail tax notice	59-10-10	11/01
County auditor delivers assessment roll with affidavit	59-8-7	11/01
Payment and delinquency date	59-10-26	11/30
Districts adopt final budget		12/15
Delinquency list published	59-10-29	12/31

REQUIRED SUPPLEMENTAL INFORMATION

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Notes to Required Supplementary Information

December 31, 2006

Budgeting and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before December 15 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the District's general fund. Original budgets represent the revenue estimates and spending authority authorized by the District prior to January 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the District through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances General Fund

Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property tax	\$ 74,167	77,366	78,140	774
Property tax redemptions	1,000	1,000	2,636	1,636
Fee in lieu of property tax	14,000	14,000	13,033	(967)
Burials and cremations	21,450	22,950	26,200	3,250
Sale of lots	43,500	47,000	67,050	20,050
Deeds	250	250	353	103
Interest earned	4,200	6,550	10,135	3,585
Other	750	500	669	169
Total revenues	<u>159,317</u>	<u>169,616</u>	<u>198,216</u>	<u>28,600</u>
Expenditures:				
Salaries and wages	92,698	89,500	73,152	16,348
Payroll taxes	6,748	6,748	5,553	1,195
Workers Compensation insurance	2,898	2,898	3,333	(435)
Repairs and maintenance	6,000	6,000	4,325	1,675
Grounds maintenance	12,350	13,675	11,472	2,203
Professional fees	4,725	4,725	4,610	115
Taxes and licenses	1,248	1,248	945	303
Insurance and bond	3,972	3,750	2,742	1,008
Utilities	6,727	7,500	5,541	1,959
Dues and subscriptions	390	390	690	(300)
Telephone	931	1,250	1,211	39
Small tools and equipment	1,139	1,100	438	662
Safety and risk management	500	500	229	271
Office and postage	1,345	1,335	555	780
Travel and training	1,250	2,530	1,949	581
Other operating	7,046	6,467	2,538	3,929
Capital expenditures	19,350	20,000	16,638	3,362
Total expenditures	<u>169,317</u>	<u>169,616</u>	<u>135,921</u>	<u>33,695</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>62,295</u>	<u>62,295</u>
Other financing sources (uses):				
Transfer from (to) other funds	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other (uses)	<u>-</u>	<u>-</u>	<u>62,295</u>	<u>62,295</u>
Fund balance - beginning of year	<u>95,746</u>	<u>95,746</u>	<u>95,746</u>	<u>-</u>
Fund balance - end of year	<u>\$ 95,746</u>	<u>95,746</u>	<u>158,041</u>	<u>62,295</u>

SUPPLEMENTAL INFORMATION



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Commissioners
Ben Lomond Cemetery Maintenance District
North Ogden, UT

We have audited the financial statements of Ben Lomond Cemetery Maintenance District (District) as of and for the years ended December 31, 2006, and have issued our report thereon dated June 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency in the attached schedule is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Commissioners and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Crane, Christensen & Gimbrow PC

June 22, 2007

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Schedule of Findings and Questioned Costs - Internal Controls

Year Ended December 31, 2006

FINDING 2006-1: The District's small staff size does not always allow for adequate segregation of duties and responsibilities. This condition is mitigated by the fact that the District's Board of Commissioners takes an active role in overseeing the District's operations.

QUESTIONED COSTS: None

RECOMMENDATION: When possible, the District should hire additional employees to provide greater segregation of duties. If this is not practical, commissioners should approve the payment of bills monthly and this should be recorded as part of the minutes. If monthly meetings are not held for this purpose, a member of the commission should be assigned to review and approve all bills for payment prior to a check being issued.

DISTRICT'S REPLY: The District's small budget precludes the hiring of additional employees. The District will attempt to improve segregation of duties and will continue to have oversight by the Board of Commissioners.



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Legal Compliance Report

To the Board of Commissioners
Ben Lomond Cemetery Maintenance District
North Ogden, UT

We have audited the financial statements of Ben Lomond Cemetery Maintenance District for the year ended December 31, 2006 and have issued our report thereon dated June 22, 2007. Our audit included test work on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax limitations
- Special Districts
- Other General Compliance Issues

The District did not receive any major or non-major state grants during the year ended December 31, 2006.

The management of the District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those requirements require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are outlined on the accompanying schedule of findings and questioned costs.

In our opinion, Ben Lomond Cemetery Maintenance District complied, except as disclosed above, in all material respects with the general compliance requirements identified above for the year ended December 31, 2006.

Crane, Christensen & Ambrose P.C.

June 22, 2007

BEN LOMOND CEMETERY MAINTENANCE DISTRICT

Schedule of Findings and Questioned Costs

Year Ended December 31, 2006

PROGRAM: GENERAL COMPLIANCE - SPECIAL DISTRICTS

FINDING: The District's personnel policy has not been formally adopted or updated.

QUESTIONED COSTS: None

RECOMMENDATION: Comply with the provisions of Section 17A-1-602.

DISTRICT'S REPLY: The District will update and adopt a formal personnel policy.

PROGRAM: FUNDS BALANCE LIMITATIONS - SPECIAL DISTRICTS

FINDING: The unrestricted general fund balance is greater than that allowed by State Statute.

QUESTIONED COSTS: None

RECOMMENDATION: The District should adopt procedures to see that the fund balance does not exceed that allowed. This could be accomplished through a reduction of revenue if expected future year expenditures are not expended to correct this condition.

DISTRICT'S REPLY: The District has several needed capital expenditures planned for the future which should correct this situation. Also, there is a long-term need to acquire future land as spaces are sold for burials.